

**Incurred Cost Audit  
TIRNO-95-D-00062  
FY97**

**December 2000**

**Reference Number 2001-1C-032**

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

INSPECTOR GENERAL  
for TAX  
ADMINISTRATION

December 19, 2000

MEMORANDUM FOR JAMES A. WILLIAMS  
DIRECTOR OF PROCUREMENT  
INTERNAL REVENUE SERVICE

A handwritten signature in cursive script, reading "Pamela J. Gardiner".

FROM: Pamela J. Gardiner  
Deputy Inspector General for Audit

SUBJECT: Incurred Cost Audit TIRNO-95-D-00062 – FY97

The Defense Contract Audit Agency (DCAA) audited the contractor's incurred costs submission for 1997. The purpose of the audit was to determine the allowability of direct costs and indirect cost rates and establish audit determined indirect cost rates for January 1, 1997 through December 31, 1997.

DCAA noted the contractor's compensation system and purchasing systems are inadequate in part. In summary, DCAA disallowed \$171,194 of expenses, which reduced various indirect rates.

The information in this report should not be used for purposes other than that intended without prior consultation with the Treasury Inspector General for Tax Administration regarding its applicability.

If you have any questions, please contact me at (202) 622-6510, or your staff may call Maurice S. Moody, Associate Inspector General for Audit (Headquarters Operations & Exempt Organizations Programs), at (202) 622-8500.

# NOTICE:

The Office of Inspector General for Tax Administration has no objection to the release of this report, at the discretion of the contracting officer, to duly authorized representatives of the contractor.

The contractor information contained in this report is proprietary information. The restrictions of 18 USC 1905 must be followed in releasing any information to the public.

This report may not be released without the approval of this office, except to an agency requesting the report for use in negotiating or administering a contract with the contractor.

TIGTA seal was removed due to its size.